

# THE WORLD OF STRUCTURED PROCUREMENT



**LALIT KUMAR DHAMIJA**

# Survey findings at a glance



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Procurement leaders are primarily focused on specific procurement levers to deliver value over the next 12 months



7

**51%** of procurement leaders believe their teams do not have sufficient capabilities to deliver on their procurement strategy



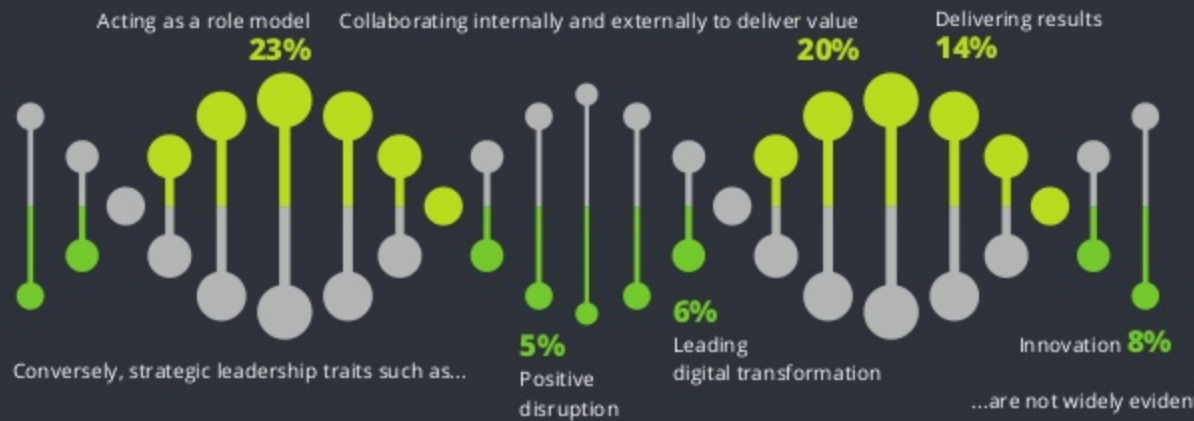
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**33%** of procurement leaders believe that their digital procurement strategy will enable them to deliver on their objectives and value



8

The most common leadership traits in procurement are ...



10



... is expected to have the most impact on procurement in the next two

11

Modern technology usage is low, with only one-third of procurement leaders using technologies such as predictive analytics and collaboration networks





# ELEMENTS OF STRUCTURED PROCUREMENT



## 1. Alignment

Company's  
Objectives

Develop  
Procurement  
Objectives and  
Business Plan

*Top down and Bottom up*

## 2. Stakeholders

Company  
Departments

Trusted Specialist

Suppliers

## 3. Governance

Policies,  
Processes and  
Procedures

*Continuous improvement*

## 4. Health Checks

Due Diligence of  
Procurement  
activities

## 5. Performance

Procurement  
Performance

Suppliers  
Performance



# ORGANIZATION ALIGNMENT

- Procurement activities need to be aligned across the organization
- Decision making shall be based on the right outcome for the organization as a whole
- Collaboration is needed across the supply chain of the organization base



## **SAM WALSH – FORMER CEO OF ‘RIO TINTO’ ON PROCUREMENT’S ALIGNMENT WITH BUSINESS**

“Procurement needs to understand what drives the business and how they can deliver value and help the business succeed.”

“Procurement professionals need to get close to their internal customers and ensure they excel at what they do.”

**How Procurement could get the  
attention of Senior Management?**



# WORKING WITH STAKEHOLDERS



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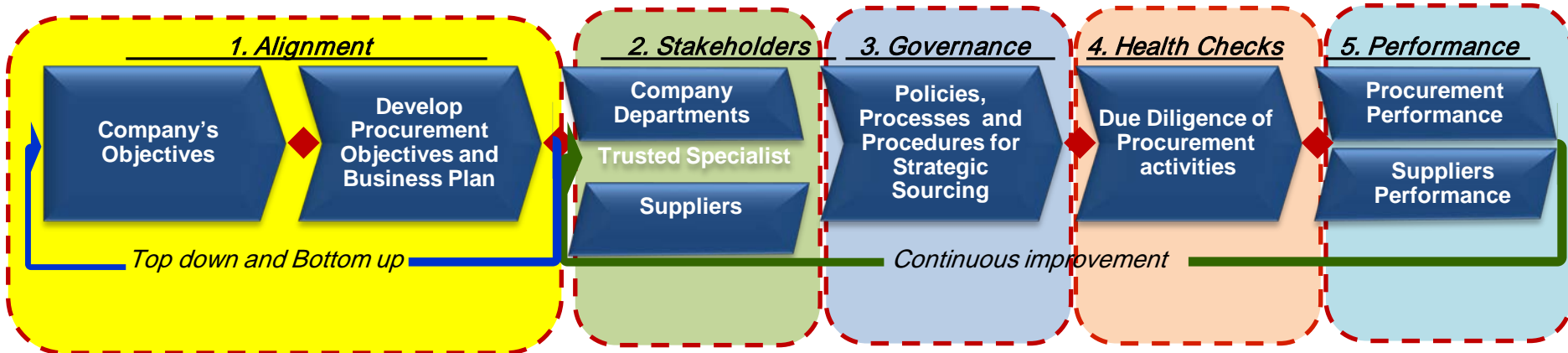
# WORKING EFFECTIVELY WITH STAKEHOLDERS

- Procurement has moved to the very heart of high performing business and Procurement professionals are understanding how Business operates and where Procurement can add value.
- Procurement professionals are leveraging technology for planning, executing, reporting & driving stakeholders engagement
- Procurement is becoming a key player in value addition & business performance through more accurate & effective communications.
- They are collaborating with stakeholders for market intelligence, spend analysis, strategic sourcing, contract management and suppliers relationship & performance management leading to better decision making.





# GOVERNANCE IN PROCUREMENT



# WHAT IS PROCUREMENT GOVERNANCE?



Relates to:

- Policies
- Procedures
- Processes
- Organization's structure

Assurance of Compliance to :

- Business Protocol
- Ethics Standards
- Regulations

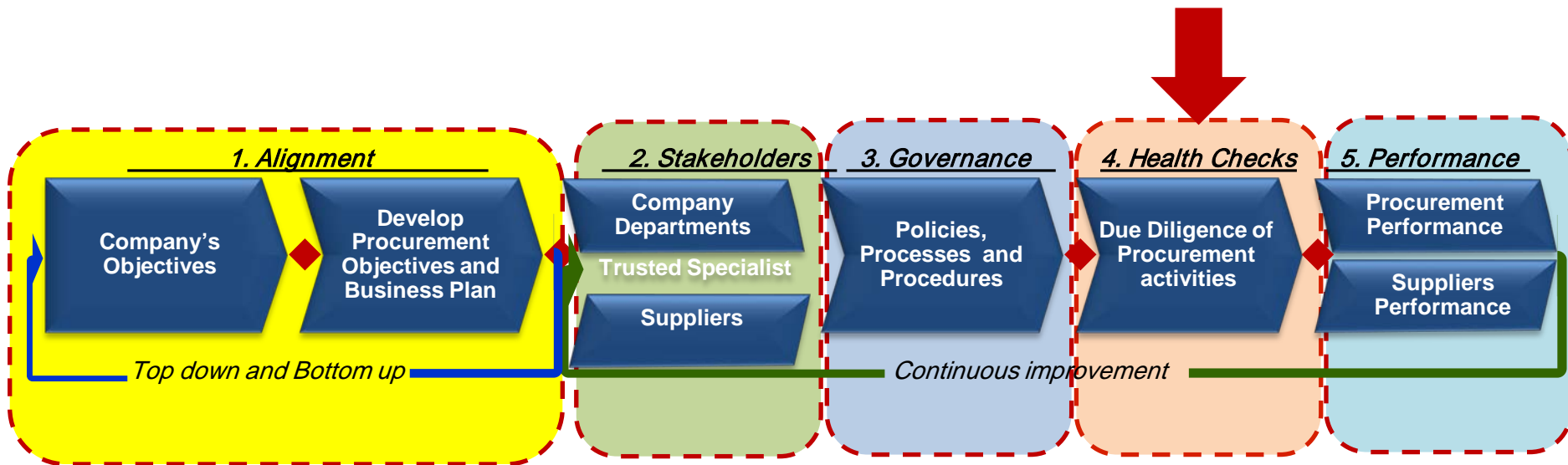
Through these Procurement is:

- Operated
- Monitored
- Controlled

# ADVANTAGES OF STRUCTURED PROCUREMENT PROCESSES

- It supports good governance and managerial control
- It helps to maintain consistency in processes and outcomes
- It ensures that all tasks have been performed that need to be performed
- It ensures adequate co-ordination of effort between parties collaborating in a process
- It prevents conflict and sub-optimal behaviour
- It fosters efficiency
- It enables the documentation and sharing of good practice
- It supports compliance with relevant standards, law and regulation
- It enables meaningful process analysis, problem-solving and improvement
- It supports the systematic development of procurement staff, systems, technology and other resources
- It supports empowering users to carry out some procurement tasks to non-procurement staff

# HEALTH CHECKS OF PROCUREMENT ACTIVITIES

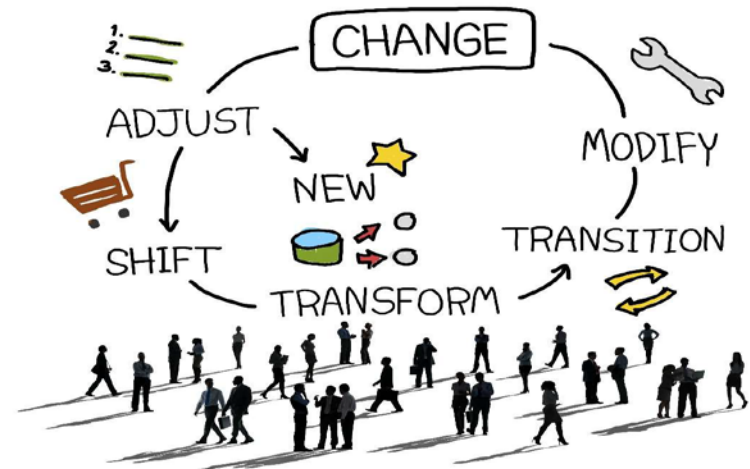


HeALTH  
CHECKS

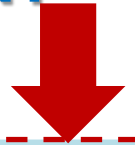


# CONDUCTING HEALTH CHECKS

- It enables due diligence of procurement activities and identifies gaps, that need to be closed. It also provides possibilities to list opportunities for improvement.
- It relates to :
  1. Business effectiveness
  2. Identifying Preventive and Corrective Actions
  3. Ability to demonstrate how procurement function is governed
- It results in :
  1. Adding value
  2. lends credibility to Procurement
  3. Can be viewed as “Continuous Improvement”



# PERFORMANCE MANAGEMENT IN PROCUREMENT



## 1. Alignment

Company's Objectives

Develop Procurement Objectives and Business Plan

*Top down and Bottom up*

## 2. Stakeholders

Company Departments  
Trusted Specialist  
Suppliers

## 3. Governance

Policies, Processes and Procedures

## 4. Health Checks

Due Diligence of Procurement activities

## 5. Performance

Procurement Performance  
Suppliers Performance

*Continuous improvement*



# DRIVING PERFORMANCE

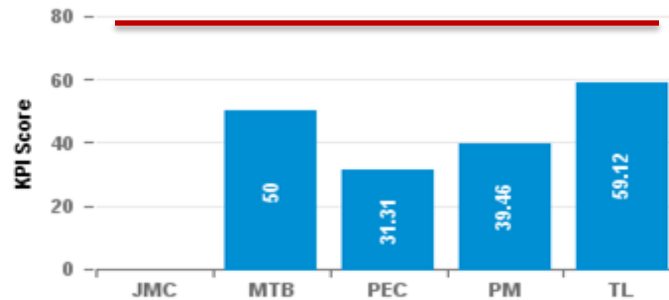
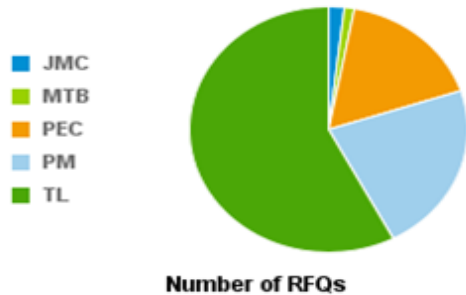
- Procurement should identify with stakeholders the areas which need to be optimized for driving performance.
- KPIs should be developed for such identified activities and their performance shall be monitored and reported.



***“Okay, who has been charging the department happy hours to the Supply Chain budget?”***

# DRIVING PERFORMANCE

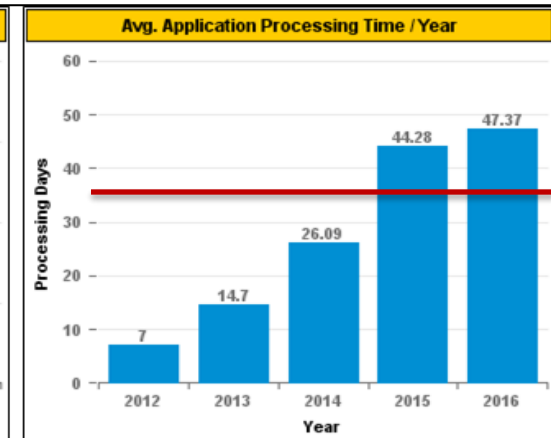
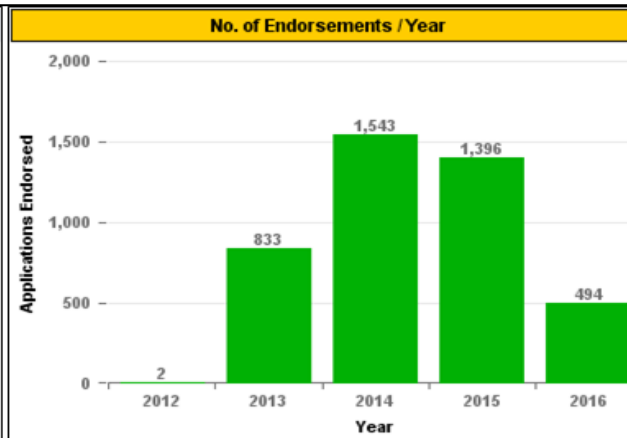
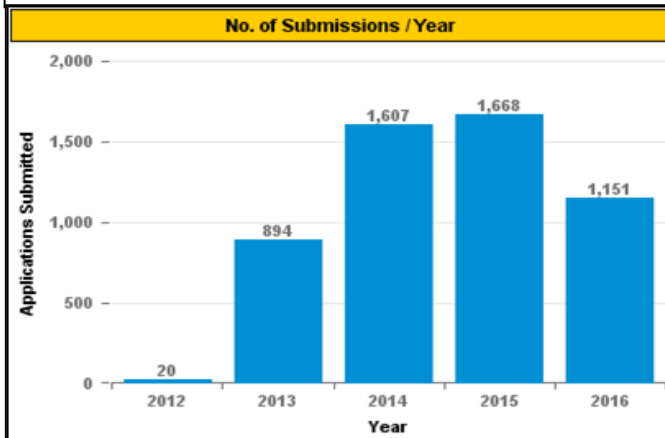
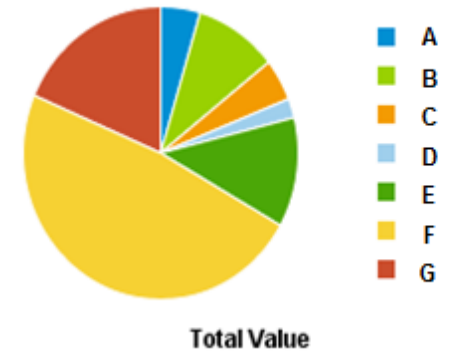
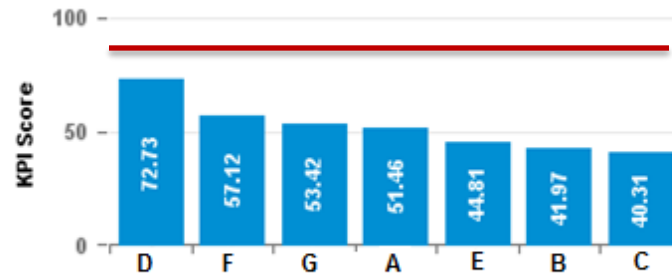
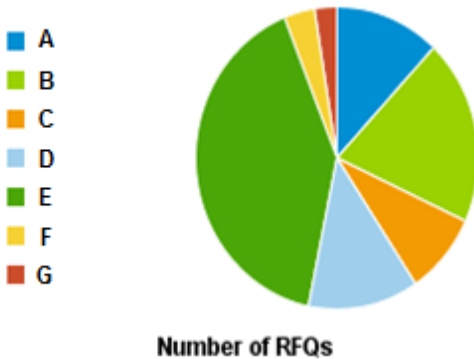
## Approval Authority wise breakdown



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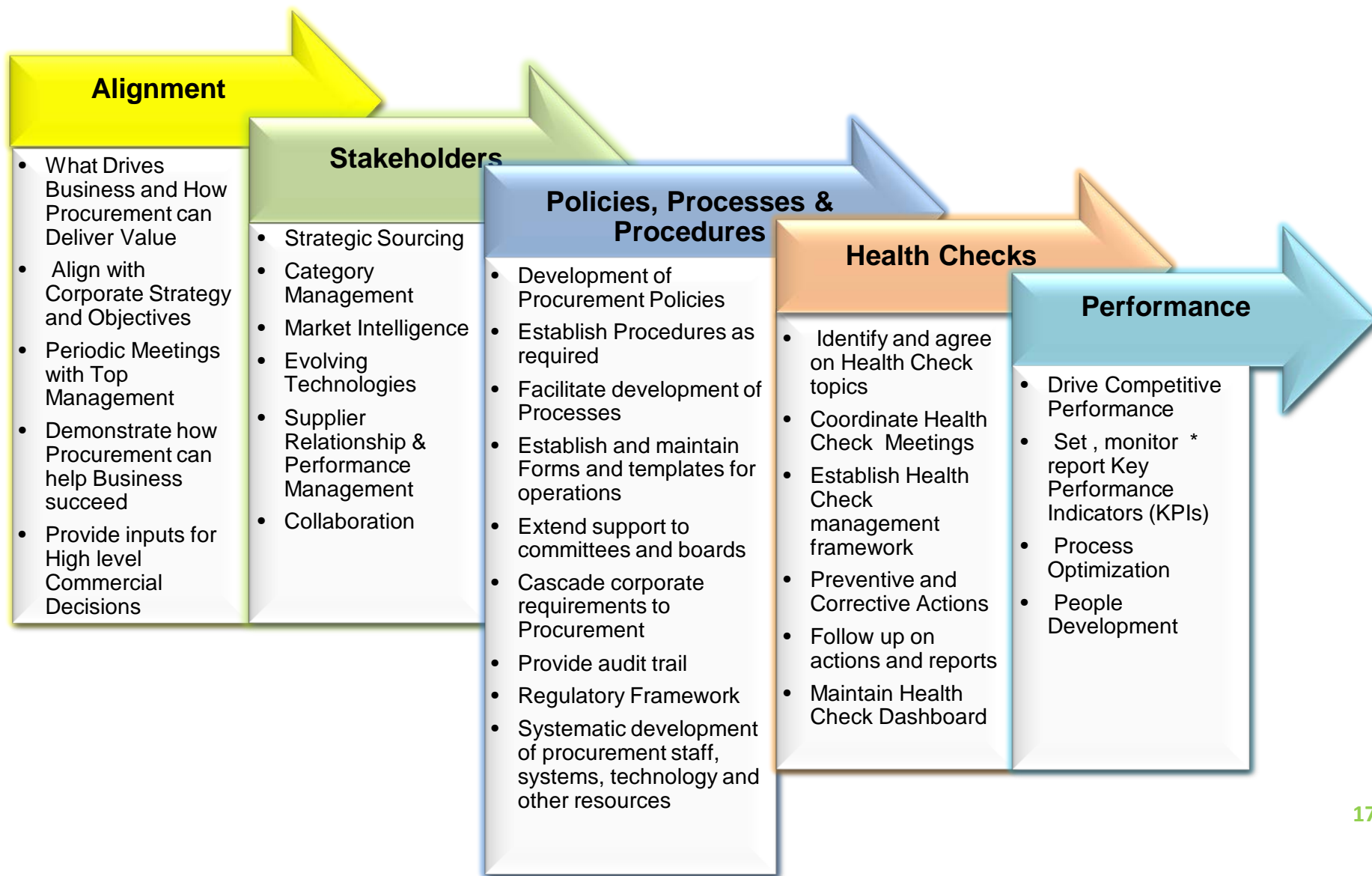


## Procurement Team wise breakdown





# ELEMENTS OF STRUCTURED PROCUREMENT

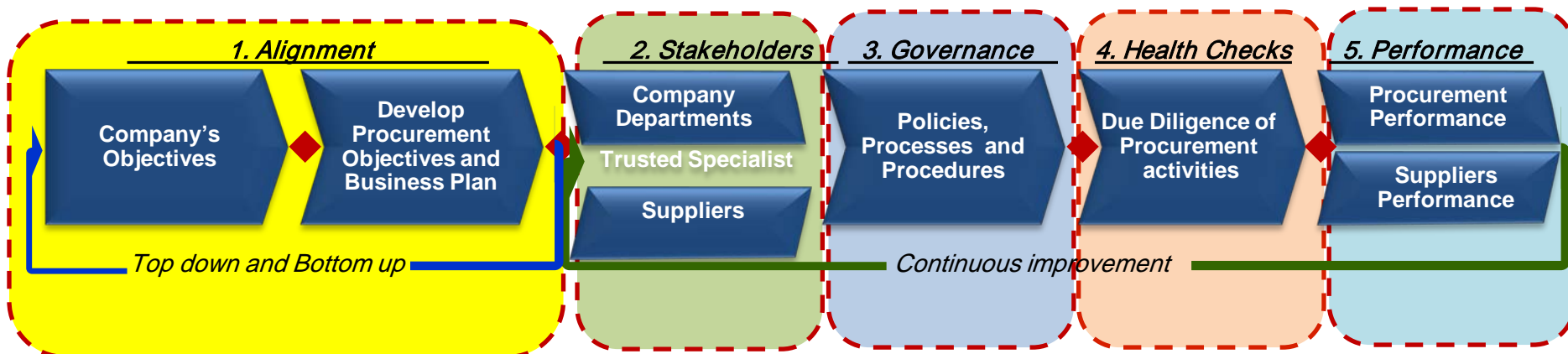


# BENEFITS OF STRUCTURED PROCUREMENT

- Closer and more constructive relationship with all stakeholders – Enables driving better value, collaboration and innovation
- Focuses on the planning phase which offers the greatest opportunity for improved performance and creating better value
- Provides the toolset and process to support a fair, transparent and consistent approach to procurement for delivering an efficient procurement function
- Enhances communication and procurement capability within the procurement function and across the organization
- Provides pathway to world class procurement through benchmarking with global procurement standards and working towards Corporate certification.



# STRUCTURING PROCUREMENT FOR SUCCESS



**Strategic  
&  
Practical**

**Challenges**



**Leadership**

**Change  
Management**

Thank You

